

Thank you for your inquiry. Please see the following statement, provided on the record, from a TriWest spokesperson.

Statement from TriWest Spokesperson

“VA has partnered with the private sector for many years to supplement and strengthen the health care delivery system for our nation’s Veterans and ensure they can get care when VA is unable to deliver it directly. In 2012, VA announced the Patient-Centered Community Care (PC3) program, the first nationwide network of community providers, and VA conducted a full and open competition for regional PC3 administration contracts. In 2013, TriWest Healthcare Alliance was awarded a PC3 contract for several regions on a competitive basis. In 2014, Congress expanded the nationwide reach of VA’s community care by adding Choice program benefits. VA invited competitors to bid on the expansion of community care, which by Congressional mandate had to be implemented in 90 days, but TriWest was the only entity willing to stand up to the challenge in its area of operation and partner with VA to expand the health benefit for Veterans so they would no longer be waiting in long lines for care or continue to have to go without.

VA is currently conducting a new full and open competition for the next-generation program, called the Community Care Network (CCN). Earlier this year, the other company that had committed to the work ceased being engaged and TriWest agreed at the end of September to again stretch itself to fill the gap by creating the footprint needed through the completion of the CCN procurement process so that VA could leverage providers in the community as needed and ensure that those providers got paid accurately and on time. We have worked very closely with VA to ensure a transition that best meets the needs of Veterans in the expansion area.

For example, on the first day of the expansion in Colorado, TriWest received a referral and escalated phone call about a Veteran who needed expedited care. The Veteran already had an appointment scheduled for a pre-op and then surgery on December 10. Knowing TriWest was to begin facilitating care in the community, the provider was willing to accept the appointment even though the authorization for the care had not yet been received. TriWest staff loaded the authorization quickly and contacted the provider’s office that same day to educate them on the benefits of the Choice program and to confirm we would be sending the needed documentation for the provider to submit a claim. The Veteran happened to be at the provider’s office at the time of our call, so the TriWest representative was able to speak to her about details of the Choice program. All of these efforts ensured that the Veteran and provider had all of the information they needed to ensure this Veteran’s surgery could move forward without any delays.

For both the PC3 and Choice programs, TriWest’s primary responsibility is to construct for VA a health care provider network that can be leveraged to help meet the health care needs of Veterans on a timely and convenient basis and to process and pay provider claims. Unlike the typical private sector third party administrator (TPA), however, we are required to perform the added services of patient scheduling, assisting with gaining access to patient medical documentation, and other services deemed critical by VA to assist in fully meeting the needs of Veterans. We take our responsibility seriously and are committed to serving VA and Veterans as effectively and efficiently as possible. In fact, TriWest has made major investments of its own to ensure the success of the PC3 and Choice programs because we believe supporting VA in ensuring the delivery of quality care to our nation’s Veterans is a moral responsibility, even while others have avoided making these investments or have withdrawn from the market.

Since the inception of this contract, TriWest has worked collaboratively and in good faith with VA and Congress to make dozens of needed improvements to community care to better serve Veterans and to improve the efficiency and effectiveness of what we quickly learned, post contract implementation, for what was and remains highly manual work. Together, we are enhancing VA's ability to deliver care to this nation's Veterans. In fact, to date, over 10 million community care appointments have been generated at the request of VA and Veterans by our network of over 210,000 providers in our original 28-state region of responsibility. For example, the Veterans of South Texas no longer have to drive five and a half hours for care or go without, as the network of local community providers and hospitals now give VA the needed elasticity to leverage the local providers when they are unable to deliver on the need... everything from physical therapy to cancer care... and have now served up more than 300,000 appointments in support of VA and the Veterans who also call their community home.

As requested by VA, we deliver a wide range of services aimed at providing VA with the capability to ensure Veterans' access to care, including: building and credentialing a robust network designed to provide elasticity to VA to meet Veterans' health care needs – when and where they need them; processing and paying provider claims, where we currently pay claims within 30 days at a 98% accuracy rate; providing outreach to Veterans to gather appointment preferences; scheduling appointments for Veterans and then sending appointment reminders to them; sending authorizations for care to the appropriate health care providers; sending secondary authorizations to providers if additional care is needed; collecting medical documentation following the Veteran's visit to the doctor; and handling more than 800,000 Veteran calls per month to ensure they receive the care they need. In fact, each authorization typically carries with it about four claims for services. Lastly, we are uniquely expected to pay the providers from our own funds and then be reimbursed by VA after the fact... floating several hundred million dollars a day.

In our view, VA itself is, and should be, the first source of health care services to Veterans, and we are privileged to serve in a secondary support role when VA needs our assistance to ensure that Veterans receive timely and convenient access to needed health care services.”

FOR USE ON BACKGROUND ONLY: Please also see, provided on background, responses below that address topic areas outlined in many of your questions. Due to an active procurement being underway, we would respectfully refer you to VA to address some of your specific questions.

Administrative Fees

The administrative fees cover a range of services we provide on VA's behalf – scheduling appointments for Veterans in the community, retrieving medical documentation related to community appointments from community providers, processing and paying community provider claims, processing and submitting invoices to VA, providing customer service support to Veterans, community providers and VA staff, maintaining a credentialed network of providers, educating network providers on program requirements, processing requests for additional services by community providers and providing community providers with Veteran/appointment specific information, and floating the funds needed to process and pay provider claims before we are reimbursed by VA (given that, unlike DoD's TRICARE Program, Medicare and most other public and private programs, we are expected to be the bank because there is not a bank account established by the government, from which funds would be drawn against to pay claims under this program).

TriWest is paid a single per authorization fee regardless of how many units of care are delivered under an authorization or the dollar value of those claims. That said, our average outpatient claim over the past six months has been approximately \$250, and the average inpatient claim averaged about \$1,950. Since there are generally many claims per authorization, our average per authorization cost is between \$2,000-\$2,200. Using an assumed per authorization fee to TriWest of \$295, the ratio is about 13-15% of total healthcare costs. Even with the unique requirements Congress and VA have asked be included in this work, this ratio is in line with DoD's TRICARE Program and most insurance products in the private and public sectors.

This per authorization fee is not paid to TriWest unless care is actually delivered to the Veteran at the end point. For example, if TriWest does the front-end work (i.e., reaching out to the Veteran, obtaining preferences, appointing the Veteran, sending appointment reminders, etc.), but the Veteran does not show up for the appointment, then TriWest is not paid anything and must cover its up-front costs for these unreimbursed expenses. That said, we estimated at the outset that, on average, the per authorization fee might cover our costs. TriWest did not ask for this reimbursement method; it was defined by VA in the RFP, and is what we responded to when we bid for this work.

As VA currently has an active competitive procurement underway for the next generation of VA community care, TriWest has a duty to protect the integrity of the Federal procurement process and we are limited in our ability to respond to specific questions that could affect the agency's fair consideration of proposals that have been submitted under the CCN procurement and would suggest you contact the agency with any specific questions.

Communications with VA

As a contracted partner of the Department of Veterans Affairs, we have a responsibility to work with VA on matters essential to contract performance, including VA personnel who are responsible for a variety of operational issues throughout the Office of Community Care and other organizations involved in supporting the community care programs. We also need to keep VA program officials informed about

program successes, program challenges and recommendations for ways to improve existing processes in order to deliver more effective and more efficient services related to its community care programs.

Regarding accounts receivable issues, it is true that VA payment delays have, at times, imposed heavy financial and logistical burdens on TriWest and its network of providers and, at one point, VA owed TriWest as much as \$200 million in overdue payments. Those payment delay issues were detrimental to our ability to continue our work on behalf of the Department of Veterans Affairs. We brought that to the attention of the government because without action by the government, these substantial unpaid bills would have made it difficult for us to continue to provide Veterans with timely access to community care.

Further detail on some of the financial and programmatic challenges are contained in the attached letters.

Overpayments

TriWest has cooperated with many government inquiries regarding VA's community care programs and will continue to do so. As a contractor to the government, however, TriWest must respect the government's right to keep those inquiries confidential until such time as the government decides to conclude the inquiry or take any actions or adjust VA programs as deemed appropriate.

With regard to the claims overpayment questions you posed, in order to assure the integrity of this important Federal health program, TriWest voluntarily identified, examined and reported to VA that the government's legacy claims processing system was suspected of making systematic overpayments. TriWest has been working cooperatively with VA to confirm and correct the root causes of these erroneous payments by the government, and we have set aside a reserve for the estimated overpayment amounts. More than a year ago, TriWest asked for VA to establish a process for remitting any confirmed overpayments, and we also requested that VA adopt a fair and commercially viable approach to reconcile claims and payments being made over the course of the contract. We remain ready to complete the necessary reconciliations as soon as that process is formally approved.

See attached letter to AFGE for further information on your question related to the way the VA system adjudicates claims.

Stakeholder Engagements

TriWest believes that communicating with key stakeholders is part of our responsibility as a Federal contractor that works on behalf of VA and this nation's Veterans.

With regard to communications with Congress, we serve Veterans in Congressional Districts throughout the country. As a result, we frequently are asked to meet with Congressional Members or staff to discuss details of the work we do on behalf of VA. We also are invited to testify at congressional hearings periodically and always try to update Members of Congress on details of the programs we administer prior to hearings focused on the subject of VA community care.

Some of the communications are related to specific case work, and others relate more broadly to the results we have obtained in the congressionally-mandated programs we operate. Part of the latter includes helping Congress understand the business implications of their action/inaction.

TriWest Healthcare Alliance's PC3 contract was the result of a competitive bid in 2013. In October 2014, VA modified the contract to include requirements in support of the Veterans Choice Program. Further questions related to the procurement process should be directed to VA.

Performance, IG & GAO Reviews

Regarding the GAO review, delayed payments to TriWest by VA have significantly impacted the timeliness of payments to some community providers. VA's payment delays imposed heavy financial and logistical burdens on TriWest and its network of providers, such that, at one point, VA owed TriWest \$200 million in overdue payments. However, VA and TriWest continue to work together in good faith to improve and mature VA's outdated payment process and, indeed, a lot of progress has been made over the last couple of years.